

Doing Business in 2005, Removing Obstacles to Growth

BACKGROUND

Doing Business in 2005 is the second in a series of annual reports by the World Bank that examine government regulations and their effect on businesses. The report covers 145 economies, including many USAID-assisted countries.

SUMMARY OF THE REPORT

Doing Business in 2005 updates the five topics explored in *Doing Business in 2004*: starting a business, hiring and firing workers, enforcing contracts, getting credit, and closing a business. In addition, *Doing Business in 2005* includes two new topics: registering property and protecting investors. To measure the ease of registering property, *Doing Business* examines the number of procedures, the time (in calendar days), and the official costs (as a percentage of the property value). A "Disclosure Index" was created to measure the protection of investors. This index captures seven ways of enhancing disclosure: information on family ownership, indirect ownership, beneficial ownership, voting agreements between shareholders, audit committees that review and certify financial data, use of external auditors, and public availability of ownership and financial information.

The *Doing Business* data reflect the actual costs and requirements faced by businesses. The data is based on research of laws and regulations along with input and verification from more than 3,000 local government officials, lawyers, business consultants, and other professionals who routinely administer or advise on legal and regulatory requirements. In addition to the findings for 145 economies, *Doing Business in 2005* discusses which countries have made reforms in the past year, which reforms should be made, and why the reforms should be made.

RELEVANT FINDINGS

- The top ten reformers in 2003 include two USAID-assisted countries: Colombia and India.
- The report suggests that many reforms in poor countries were due to the desire of governments and donors to quantify the impact of aid programs. Significant reforms have been made in borrowers from the International Development Association (IDA). The report credits the 14th IDA funding round and the Millennium Challenge Account for these results.
- The developing countries with the best business conditions are Botswana, Thailand, Latvia, Chile, Malaysia, the Czech Republic, Estonia, South Africa, Tunisia, and Jamaica.
- Sixteen of the twenty countries with the most difficult business conditions are in sub-Saharan Africa.

HOW TO ACCESS THIS REPORT

The World Bank's Doing Business Database provides full access to the Doing Business results and is available at <http://rru.worldbank.org/DoingBusiness/>. The database allows users to generate instant reports for a specific country or topic, or create a customized query for multiple countries and topics. Detailed topic information and methodology is also available.